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## DRAFT REPORT

on the need for an EU strategy to end and prevent the gender pension gap  
(2016/2061(INI))

Committee on Women's Rights and Gender Equality

Rapporteur: Constance Le Grip

Rapporteur for the opinion(\*): Tania González Peñas, Committee on  
Employment and Social Affairs

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the need for an EU strategy to end and prevent the gender pension gap (2016/2061(INI))

*The European Parliament,*

- having regard to Article 2 and Article 3(3) of the Treaty on European Union,
- having regard to Articles 8, 151, 153 and 157 of the Treaty on the Functioning of the European Union,
- having regard to the Charter of Fundamental Rights of the European Union, in particular its provisions on social rights and on equality between women and men,
- having regard to the Commission communication of 3 March 2010 entitled ‘Europe 2020: A strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
- having regard to Council Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security,
- having regard to Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation,
- having regard to Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services,
- having regard to Directive 2006/54/EC of the European Parliament and the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast),
- having regard to the Commission Roadmap of August 2015 on a new start to address the challenges of work-life balance faced by working families,
- having regard to the Commission staff working document of 3 December 2015 entitled ‘Strategic engagement for gender equality 2016-2019’ (SWD(2015)0278),
- having regard to its resolution of 13 September 2011 on the situation of women approaching retirement age<sup>1</sup>,
- having regard to its resolution of 25 October 2011 on the situation of single mothers<sup>2</sup>,

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<sup>1</sup> OJ C 51 E, 22.2.2013, p. 9.

<sup>2</sup> OJ C 131 E, 8.5.2013, p. 60.

- having regard to its resolution of 24 May 2012 with recommendations to the Commission on application of the principle of equal pay for male and female workers for equal work or work of equal value<sup>1</sup>,
  - having regard to its resolution of 12 March 2013 on the impact of the economic crisis on gender equality and women's rights<sup>2</sup>,
  - having regard to its resolution of 10 March 2015 on progress on equality between women and men in the European Union in 2013<sup>3</sup>,
  - having regard to its resolution of 8 October 2015 on the application of Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation<sup>4</sup>,
  - having regard to its resolution of 13 September 2016 on creating labour market conditions favourable for work-life balance<sup>5</sup>,
  - having regard to the Council conclusions of 19 June 2015 on 'Equal income opportunities for women and men: Closing the gender gap in pensions',
  - having regard to the EU Presidency Trio (Netherlands, Slovakia and Malta) declaration of 7 December 2015 on gender equality,
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the report of the Committee on Women's Rights and Gender Equality and the opinion of the Committee on Employment and Social Affairs (A8-0000/2016),
- A. whereas in 2012, in the EU-28, the gender gap in pensions, which may be defined as the gap between the average pre-tax income received as a pension by women and that received by men, stood at 38% in the 65 and over age group;
- B. whereas women enjoy poorer pension entitlements and payments than men and are both over-represented in the poorest pensioner groups and under-represented in the wealthiest;
- C. whereas a pension is the main source of income for one person in four in the EU-28, and whereas the significant increase in the number of people of pensionable age brought about by rising life expectancy and the overall ageing of the population will result in the doubling of that figure by 2060;
- D. whereas the aim of pension policies is to make sure that pension systems give all EU citizens a decent income that safeguards them against the risk of social exclusion;

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<sup>1</sup> OJ C 264 E, 13.9.2013, p. 75.

<sup>2</sup> Texts adopted, P7\_TA(2013)0073.

<sup>3</sup> Texts adopted, P8\_TA(2015)0050.

<sup>4</sup> Texts adopted, P8\_TA(2015)0351.

<sup>5</sup> Texts adopted, P8\_TA(2016)0338.

- E. whereas the pension gap tends to leave women more at risk of economic vulnerability and dependence than men;
- F. whereas, owing to their longer life expectancy, women are likely, on average, to require more pension capital than men to cover their retirement;
- G. whereas the lack of comparable, comprehensive, reliable and regularly updated data on the basis of which to gauge the size of the pension gap and the relative importance of the factors that contribute to it make it difficult to determine how best to tackle the problem;
- H. whereas the gap is larger (at more than 40%) in the 65-74 age group than it is for all over-65s on average, in particular as a result of the fact that entitlements may in some cases, such as widowhood, be transferred in some Member States;
- I. whereas the average pension gap for the European Union as a whole in 2012 concealed major disparities between Member States;
- J. whereas that gap, which is the product of a range of factors, is a reflection of the gender imbalance that exists in relation to careers and family life, as well as to the ability to make pension contributions, to position within the family group and to the way in which income is calculated for pension purposes;
- K. whereas the full extent of the pension gap, which is the product of all gender imbalances and inequalities that arise throughout people's working lives, may be masked by corrective mechanisms;
- L. whereas that gap, when examined at any given moment, is a reflection of social and labour market conditions over a period stretching back several decades; whereas those conditions are subject to sometimes major changes which will have a knock-on effect on the needs of various generations of women pensioners;
- M. whereas the pension gap differs from one woman pensioner to another according to social, marital and/or family status; whereas, in view of this, a one-size-fits-all approach will not necessarily produce the best results;
- N. whereas there appears to be a positive correlation between the pension gap and the number of children brought up; whereas, in view of this, the inequalities suffered by single mothers are likely to be exacerbated when they retire;
- O. whereas traditional working time arrangements make it impossible for couples in which both partners wish to work full time to strike a proper work-life balance;
- P. whereas, despite the efforts made to improve the situation in this area, the employment rate among women still falls short of the Europe 2020 strategy targets and is still lower than that among men;
- Q. whereas women are more likely than men to be obliged to take career breaks and work on a part-time basis as a result of their disproportionate responsibility for providing care within their households;

- R. whereas the number of years worked has a direct impact on pension income; whereas women's careers are on average more than 10 years shorter than men's, and whereas the pension gap is twice as large for women who have worked for less than 14 years (at 64%) than for those who have worked for a longer period (32%);
- S. whereas there continues to be a gender pay gap in the European Union; whereas that gap, which stood at 16.3% in 2014, is caused in particular by discrimination and segregation resulting in the over-representation of women in sectors where pay is lower than in sectors dominated mainly by men;
- T. whereas the strengthening of the linkage between contributions and earnings, taken together with the increasingly prominent role played by second- and third-pillar schemes in pension systems, is shifting the risk of the appearance of gender-specific factors in the pension gap towards private-sector providers;
- U. whereas Member States have sole responsibility for the organisation of pension systems; whereas, nonetheless, the European Union has a supporting competence in this area;

### ***General remarks***

1. Calls on the Commission to work closely with the Member States in establishing a strategy for putting an end to the gender gap in pensions in the European Union;
2. Believes that this strategy should seek to address not only the impact of the pension gap, in particular on the most vulnerable groups, but also its underlying causes;
3. Stresses that a multi-faceted approach is required in order to make a success of the strategy, which must address disparities between men and women in terms of their careers and ability to make pension contributions as well as those resulting from the way in which pension systems are organised;
4. Stresses that the strategy must be in keeping with the division of competences between the Union and its Member States in accordance with the subsidiarity principle;

### ***Assessment and awareness raising for more effective action to address the pension gap***

5. Calls on the Commission to work together with the European Institute for Gender Equality (EIGE) to develop reliable indicators on the basis of which to identify the various factors behind the pension gap, as well as to monitor that gap and flag up changes;
6. Encourages the Member States to promote action to close the gap through their social policies, to raise awareness among decision-makers in this area and to develop programmes that will provide women with more information on the gap's implications for them, as well as with the tools they require in order to devise sustainable pension funding strategies that are tailored to their specific needs;

### ***Reducing inequalities in terms of ability to make pension contributions***

7. Calls on the Commission and the Member States to ensure that EU legislation against gender discrimination is properly implemented, with a view to making sure that men and women have an equal ability to make pension contributions;
8. Condemns unequivocally gender pay disparities resulting from discrimination and reiterates its call for Directive 2006/54/EC to be revised in order to ensure more equal treatment of men and women in matters of employment and pay;
9. Supports efforts to tackle horizontal and vertical segregation on the labour market by encouraging women to take up jobs and careers in innovative growth sectors which are currently dominated mainly by men as a result of the persistence of stereotypes;
10. Points to the importance, in a context in which the burden of responsibility for pensions is shifting from state pension systems to self-funded schemes, of ensuring that access to the financial services covered by Directive 2004/113/EC is non-discriminatory;

#### ***Reducing career-related gender inequalities***

11. Calls on the Commission swiftly to deliver on the commitments it gave under both the Roadmap and the Strategic Engagement, in order to enable anyone wishing to do so to strike a better work-life balance;
12. Calls on the Member States to make it easier for employees to negotiate voluntary flexible working arrangements giving them a better balance between their working and private lives, so that they do not have to favour one over the other when they are obliged to take on greater responsibility for looking after homes and families;
13. Calls on the Member States, on the basis of a pooling of best practice, to introduce ‘care credits’ to offset breaks from employment taken in order to provide informal care to family members and to count those credits towards pension entitlements;
14. Points out that a proper work-life balance cannot be achieved unless decent childcare facilities are available; calls on Member States to meet the Barcelona targets at the earliest opportunity, and no later than by 2020;

#### ***Impact of pension systems on the pension gap***

15. Calls on the Member States to assess, on the basis of accurate, comparable data, the impact that their pension systems are having on the pension gap and its underlying factors;
16. Calls on the Member States to introduce, in particular for the benefit of the most vulnerable groups, measures to address inequalities that are experienced throughout people’s working lives and could result in pension disparities;
17. Calls on the Commission to promote the pooling of best practice with a view to identifying both the corrective measures that are most effective and those that can tackle the factors contributing to the pension gap;
18. Calls on the Commission to take a closer look at how the pension gap might be affected by a shift in pension systems towards more flexible arrangements for pension

contributions and the establishment of pension entitlements and payments, with regard to the calculation of the duration of contribution to the pension system and to arrangements for gradual retirement;

19. Instructs its President to forward this resolution to the Council and the Commission.



## EXPLANATORY STATEMENT

The gender gap in pensions (GGP) is one of the many manifestations of inequality between men and women. In 2012 the GGP – the gap between the average pre-tax income received as a pension by women and that received by men – stood at 38% in the 65 and over age group, which is unacceptable.

What is needed is action not only to ensure genuine gender equality but also to guard against poverty and vulnerability, from which women with small pensions are the most likely to suffer.

Your rapporteur therefore believes that, as the GGP is influenced by a wide range of variables, a comprehensive, far-reaching strategy is required in order to address it. Although, as things stand, the influence of those variables is not directly quantifiable owing to a lack of accurate, reliable data, it may reasonably be asserted that the GGP is a reflection of the many inequalities women experience throughout their private and working lives.

There continues to be a gender pay gap in the EU. The principal causes of that gap, which stood at 16.3% in 2014, are discrimination, segregation and career breaks. The social, marital and/or family status of women pensioners also has an influence on the GGP, with widows being the worst off in this respect. What is more, there is a positive correlation between the GGP and the number of children brought up: women who play a leading role in the upbringing of children inside a household are obliged to take repeated career breaks and, in many cases, to work on a part-time basis. By way of an example, women whose careers spanned a period of less than 14 years are subject to a GGP that is twice as high (at 64%) as that faced by women with longer careers (32%). All of these factors drive down women's pensions and must therefore be addressed.

Your rapporteur accordingly makes a number of recommendations that need to be acted on in manner that is in keeping with the division of competences between the Union and its Member States in accordance with the principle of subsidiarity. More generally, she would encourage Member States to cooperate and pool best practice in this area.

### ***Assessment and awareness raising for more effective action to address the GGP***

First and foremost, we need to develop statistical tools to determine the factors behind the development of the GGP. A real effort needs to be made to gain the clearest possible picture of exactly how the gap is formed. Those tools will give stakeholders such as, in particular, the Commission, a better understanding of the issue and allow Member States to take account of the findings in their social policies and raise awareness among decision-makers in this area.

### ***Reducing inequalities in terms of ability to make pension contributions***

The first focus of action should be women's ability to make pension contributions. Given that most pension systems revolve around earnings-based entitlements accumulated over the course of a person's career, pay inequalities must be said to have an impact on pension income.

In this connection, your rapporteur would point out that there is already a substantial body of law governing such matters and that efforts need to be made to ensure that it is properly implemented by identifying any shortcomings in the implementing provisions and making any changes found to be necessary.

### ***Reducing career-related gender inequalities***

Steps also need to be taken to ensure that women's careers are less affected by difficulties arising as a result of having to take on a disproportionate share of housework and family responsibilities.

Accordingly, in line with Parliament's resolution of 13 September 2016 on creating labour market conditions favourable for work-life balance, your rapporteur calls on the Commission to deliver on its commitments under the Roadmap and the Strategic Engagement.

### ***Impact of pension systems on the GGP***

Your rapporteur would also encourage Member States to look into the repercussions of the way in which their pension systems are organised and to introduce, in particular for the benefit of the most vulnerable groups, measures to address inequalities that could result in pension disparities.

Lastly, your rapporteur calls on the Commission to look into how the GGP might be affected by a shift in pension systems towards more flexible arrangements for pension contributions and the establishment of pension entitlements and payments, with regard to the calculation of the duration of contribution to the pension system and to arrangements for gradual retirement.